

Feedback Plc (“Feedback” or the “Group”)

Interim Report for the six months ended 30 November 2008

KEY POINTS

- * Turnover from continuing operations £4.5 million (2007 - £ 4.7 million)
- * Profit before tax from continuing operations £0.3 million (2007 £0.69 million)
- * Earnings per share on continuing operations 0.27p (2007 1.80p)
- * The Group is debt free with current cash balances of £0.51 million

CHAIRMAN’S STATEMENT

The Board is pleased with the performance in the first half with profits before tax, on continuing operations, of £0.3 million on revenues broadly comparable with last year of £4.5 million. Strict comparisons are not possible because of the complications associated with the re-capitalisation of the Company and the transfer of the Company’s historic Pension Liabilities to the PPF.

Feedback Instruments both in the UK and the USA had a good first half with turnover some 9% ahead of that achieved in the first half of 2007. The current order book, particularly in overseas markets, continues to show strength and with the launch of new products it is hoped that this will be maintained through the second half.

Feedback Data had a more challenging first half as a number of customers delayed or postponed projects in the face of a weakening UK economy, a trend that the Board expects to continue into the second half of the year. The Board is however pleased with the encouraging response from customers to a new product range.

The implementation of the Group’s new IT systems, representing a major investment, has progressed well as have improvements to the Group’s principal site of operations in Crowborough.

In these difficult economic conditions the Board remains focused on preserving the Group’s strong financial position, with current cash balances of £519,000 and without recourse to the Group’s working capital debt facilities..

Whilst 2009 is likely to be very challenging the Board believes that opportunities will arise and the Group is extremely well placed to capitalize.

Michael G Burt
Chairman

16 February 2009

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FEEDBACK PLC
INTERIM REPORT
UNAUDITED CONSOLIDATED INCOME STATEMENT

	6 months to 30 November 2008	6 months to 30 November 2007	Year to 31 May 2008
	£'000	£'000	£'000
Revenue	4,464	4,705	9,607
Cost of sales	(2,475)	(2,779)	(6,030)
Gross profit	<u>1,989</u>	<u>1,926</u>	<u>3,577</u>
Exceptional profit	-	-	6,294
Other operating expenses	(1,716)	(1,582)	(3,092)
Operating profit	<u>273</u>	<u>344</u>	<u>6,779</u>
Profit on sale of fixed asset	27	87	87
Reorganisation costs	-	(143)	(480)
Gain on cancellation of loan	-	403	403
	<u>300</u>	<u>691</u>	<u>6,789</u>
Finance costs	(2)	(5)	(5)
Profit before tax	<u>298</u>	<u>686</u>	<u>6,784</u>
Tax expense	(2)	593	398
Profit for the period attributable to the equity shareholders of the parent	<u>296</u>	<u>1,279</u>	<u>7,182</u>
Basic earnings per share	2	0.27p	1.80p
Diluted earnings per share	2	0.27p	1.73p
			9.25p
			9.25p

All activities are classed as continuing.

UNAUDITED CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE

	6 months to 30 November 2008	6 months to 30 November 2007	Year to 31 May 2008
	£'000	£'000	£'000
Profit for the period	296	1,279	7,182
Other recognised gains and losses	24	(40)	(138)
Total recognised income for the period attributable to the company's equity shareholders	<u>320</u>	<u>1,239</u>	<u>7,044</u>

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UNAUDITED CONSOLIDATED BALANCE SHEET

	30 November 2008 £'000	30 November 2007 £'000	31 May 2008 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	1,555	35	1,459
Intangible assets	677	1,065	668
Deferred tax asset	316	565	316
	<u>2,548</u>	<u>1,665</u>	<u>2,443</u>
Current assets			
Inventories	1,130	1,279	1,260
Trade and other receivables	1,767	2,810	1,656
Cash and cash equivalents	529	1,277	679
	<u>3,426</u>	<u>5,366</u>	<u>3,595</u>
Total assets	<u>5,974</u>	<u>7,031</u>	<u>6,038</u>
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	189	298	187
Retirement benefit obligations	-	6,794	-
	<u>189</u>	<u>7,092</u>	<u>187</u>
Current liabilities			
Borrowings	-	385	117
Trade and other payables	2,084	2,578	2,353
	<u>2,084</u>	<u>2,963</u>	<u>2,470</u>
Total liabilities	<u>2,273</u>	<u>10,055</u>	<u>2,657</u>
Net assets/(liabilities)	<u>3,701</u>	<u>(3,024)</u>	<u>3,381</u>
EQUITY			
Capital and reserves attributable to the Company's equity shareholders			
Called up share capital	273	206	273
Share premium account	633	-	633
Capital reserve	300	300	300
Retained earnings	2,495	(3,530)	2,175
Total equity	<u>3,701</u>	<u>(3,024)</u>	<u>3,381</u>

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UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	6 months to 30 November 2008 £'000	6 months to 30 November 2007 £'000	Year to 31 May 2008 £'000
Cash flows from operating activities			
Profit before tax	298	686	6,784
<i>Adjustments for:</i>			
Finance charges	-	5	5
Depreciation and amortisation	248	231	568
Impairment of intangible fixed assets	-	-	132
Profit on disposal of tangible fixed assets	(27)	-	(87)
Foreign exchange difference	27	(39)	(141)
(Decrease)/Increase in inventories	129	(100)	(80)
(Increase)/decrease in trade and other receivables	(111)	(179)	70
Increase in trade and other payables	(269)	448	223
Pension contributions paid	-	(735)	(35)
Share option charge	-	11	11
Pension written back	-	-	(6,294)
Loan written back	-	(403)	(403)
	<hr/>	<hr/>	<hr/>
Net cash generated from operating activities	295	(75)	753
	<hr/>	<hr/>	<hr/>
Cash flows from investing activities			
Interest received	-	-	10
Purchase of tangible fixed assets	(134)	(9)	(1,453)
Proceeds from sale of tangible fixed assets	32	-	992
Purchase of intangible assets	(227)	(176)	(416)
	<hr/>	<hr/>	<hr/>
Net cash used in investing activities	(329)	(185)	(867)
	<hr/>	<hr/>	<hr/>
Cash flows from financing activities			
Issue of ordinary shares	-	1,086	1,820
Interest paid	-	(5)	(15)
Capital element of finance leases and rental payments	(4)	(16)	(12)
Payments made to Pension Protection Fund	-	-	(1,200)
	<hr/>	<hr/>	<hr/>
Net cash generated from financing activities	(4)	1,065	593
	<hr/>	<hr/>	<hr/>
Net movement in cash and cash equivalents	(38)	804	479
Cash and cash equivalents at beginning of period	567	88	88
	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of period	<u>529</u>	<u>892</u>	<u>567</u>

FEEDBACK PLC

NOTES TO THE UNAUDITED INTERIM REPORT

1. BASIS OF PREPARATION

These interim consolidated financial statements are for the six months ended 30 November 2008 they have been prepared in accordance with those IFRS standards and IFRIC interpretations issued and effective or issued and early adopted for the year ended 31 May 2009, with the exception of IAS 19 "Employee Benefits", as disclosed in the May 2008 Annual Report and Accounts.

These consolidated interim financial statements have been prepared under the historical cost convention.

The information set out in this interim report for the six months ended 30 November 2008 does not comprise statutory accounts within the meaning of section 240 of The Companies Act 1985. The results for the period ended 31 May 2008 are based on the published accounts for that period on which the auditors gave a report which did not contain statements under section 237(2) or (3) of the Companies Act 1985. The accounts for the period ended 31 May 2008 have been filed with the Registrar of Companies.

This interim report was approved by the directors on 13 February 2009.

2. EARNINGS PER SHARE

The earnings per share for the six months ended 30 November 2008 is based on the Group profit on ordinary activities after taxation of £296,000 (2007: £1,279,000) attributed to 109,146,746 Ordinary Shares (2007: 71,198,631), being the weighted average number of shares in issue throughout the year.

INDEPENDENT REVIEW REPORT TO FEEDBACK PLC

Introduction

We have been engaged by the Company to review the condensed set of financial statements in the interim financial report for the six months ended 30 November 2008 which comprises the Consolidated Income Statement, the Consolidated Statement of Total Recognised Income and Expense, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the Notes to the Unaudited Interim Report. We have read the other information contained in the interim financial report and considered whether it contains any apparent mis-statements or material inconsistencies with the information in the condensed set of financial statements.

This report, including the conclusion, has been prepared for, and only for, the Company for the purpose of meeting the requirements of the AIM Rules for Companies and for no other purpose. We do not, therefore, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Directors' Responsibilities

The interim financial report, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing and presenting the interim financial report in accordance with the AIM Rules for Companies.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union. The condensed set of financial statements included in this interim financial report has been prepared in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements, as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the interim financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the interim financial report for the six months ended 30 November 2008 is not prepared, in all material respects, in accordance with the measurement and recognition criteria of International Financial Reporting Standards and International Financial Reporting Interpretations Committee ("IFRIC") pronouncements as adopted by the European Union, and the AIM Rules for Companies.

haysmacintyre

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13 February 2009